

VZCZCXYZ0007
OO RUEHWEB

DE RUEHKH #0319 0601058
ZNR UUUUU ZZH
O 011058Z MAR 07
FM AMEMBASSY KHARTOUM
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6320
INFO RUCNDT/USMISSION USUN NEW YORK PRIORITY 0085
RUEAIIA/CIA WASHINGTON DC//DDI/OEA// PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

UNCLAS KHARTOUM 000319

SIPDIS

SENSITIVE
SIPDIS

DEPARTMENT FOR AF/SPG AND EEB
PLEASE PASS TO USAID FOR AFR

E.O. 12958: N/A
TAGS: [AFIN](#) [EAID](#) [EFIN](#) [PREL](#) [SU](#)
SUBJECT: INFLATION RATE EXPECTED TO INCREASE

¶1. (SBU) An IMF team visiting Sudan the week of February 26 concluded that the inflation rate is likely to increase, perhaps to as high as 20 percent. In a meeting with Econ officer, members of the IMF team stated that, while inflation one year ago was running at about 7 percent, it is now estimated at 16 percent and could well reach 20 percent. The IMF attributed the increase in inflation to the government's expansionary budget.

¶2. (SBU) The IMF team noted that strong inflows of foreign direct investment are fueling economic growth in Sudan. Foreign direct investment in 2006 was estimated to be USD 3.5 billion and is projected to increase to USD 3.8 billion in ¶2007. The largest single source of foreign investment is China, with substantial inflows from the Gulf as well.
HUME